

COMMUNITY REVIEW MEETING

DISTRIBUTED GENERATION-LONG TERM CONTRACTS

CEILING PRICES FOR 2013

Friday April 26, 2013

11:00-12:00 PM

Narragansett Room

RI Economic Development Corporation

315 Iron Horse Lane

Providence, RI

MINUTES

Attendees: Chris Kearns, Michelle Carpenter, Stephen Wollenberg, Seth Handy, Ken Payne, Larry Dressler, Dennis McCarthy, Eric Offenbergl, Hannah Morini, Dan Richardson, Charity Pennock, Tim Faulker, Michael Hogan, Rich Baccari, Karen Bradbury, Linda Nichols, Jim Calendra, Michael DeFrancesco, Alan Clapp, Anthony Baros, Corinne Abrams, Anthony Callendrello, Julian Dash, Jerry Elmer, Ian Springsteel, Tom Teehan, Bill Ferguson, Anthony Davidson and Charles Hawkins

**Results of the 2013 Distributed Generation (DG) Contracts Program:
First Enrollment – OER Presentation**

Chris Kearns of the Office of Energy Resources (OER) welcomed the group to the Distributed Generation Contract (DGC) Program Update Meeting. He called the meeting to order at 11:05 AM. He then presented a power point (attached) that reviewed the first round results of the 2013 program.

Thirty-five applications were received consisting of 29.622 MWs. The result was that six projects were awarded DG contracts in No. Smithfield, Cranston, No. Kingstown, Woonsocket, Jamestown and Middletown. One wind application, a 1.5 MW turbine project submitted by Coventry, was received. There were no applications for the 50-150 KW or the 200-999 KW wind turbine classes. Because there were no anaerobic digestion applications received, the 500 KW DG allocation will rollover into the second enrollment so two separate AD projects between 400-500 KW will be eligible in the next round. This is a new technology for the DG program and it could take longer for these projects to develop.

There were three separate solar classes. In the 50-100 KW class one application was received for a 53 KW system. The remaining 247 KW will move into the large DG class in the next enrollment. Four applications were received in the 101-250 KW class and two were awarded contracts at 128 KW and 182 KW. In the 251-500 solar class eighteen applications were received and two awarded at 331 KW and 406 KW. The remaining thirteen KW will be rolled over into the next enrollment for the 251-50 KW class.

For the large DG class only solar applications were received. Eleven were submitted, however, three were over the 1.3 MW eligibility cap and were not scored. Eight applications in the 500-1.3 MW class were received and a 1.084 MW project was awarded a contract. This project came in below the ceiling price approved by the PUC. The remaining 216 KW will be rolled into the summer enrollment.

2011-2013 Updated DG Program Results

There has been an expansion in project location with more geographic diversity. DG projects are scheduled to be built in thirteen municipalities and the program has received applications from about twenty-five municipalities. Applications have grown from seven in the first enrollment to thirty-five in the 2013 first enrollment. MWs have risen from 39 in the first two years to 29 in the first enrollment this year alone. The ceiling price trend has been downward since the first December 2011 enrollment.

Since December 2011 twenty-two projects have been awarded DG contracts: one wind; two small solar; fourteen medium solar and five large solar. The total MWs awarded since 2011 is 18.361. As for the fiscal impact, 16.177 MW have been awarded with a fifteen year above market cost of \$35,375,272 with an average per year cost of \$2,358,351. This is slightly more than the REF surcharge on customer bills. All of this data is available on the PUC website under

Dockets 4277 and 4288.

The next enrollment will occur in July and Chris displayed a chart showing what is available for the MW capacity, the size eligibility as well as the ceiling price for each class. No DG application can submit beyond the eligible size for each technology class. This information will be on the updated OER website. Chris K. said that OER has had a good working relationship with NGrid and their project lead Corinne Abrams. Chris K. then opened up the floor for questions.

Fred U. asked when the over market price is calculated, that there could be a process to calculate the peak rate price suppression on behalf of taxpayers. With all of this solar going on the market he calculates that the DG program is saving ratepayers money. You should calculate the rate of peak time shaving. Corinne A. said it was taken into account on the demand side but not on the price side. Chris K. said that is something the OER & NGrid will be look into. Michelle C. asked if the OER was looking at flexibility among rate classes. She said it can be hard to make projects fit into specific buckets. Chris K. said that OER wants to get through the next enrollment before looking into that

Hannah M. asked if the program expires when it hits 40 MWs or is there a timeline. Chris K. said there is flexibility in the law to allow for additional MWs but it is the goal of the OER to have all 40 MWs subscribed by the end of 2014. Bill F. agreed with

Fred U. on price suppression, but you may need a critical mass of projects to make it work. He also noted that the large solar project came in at eighteen cents while the ceiling price was twenty-four cents. He is concerned the ceiling price is resulting in projects that are priced over market. Is there any thought to adjusting the ceiling price on the fly based on that experience? Chris K. said to keep in mind that it is a competitive process and you would have to go through the PUC to change the ceiling price. Bill F. wondered if the Renewable Energy Advisory Board. has the authority to adjust ceiling price on the fly. Jerry E. said ceiling prices can not be adjusted on the fly because the law does not permit it. The law advises the OER to make adjustments to ceiling price once a year through a PUC docket to give stability to the program.

Dan R. asked if the developer could get feedback on why his project was not awarded a contract so they can improve their submissions for the next round. Chris K. said the OER was exploring that issue. Corinne A. said that the program was oversubscribed and therefore very competitive with only two contracts awarded out of eighteen in one class. It was asked if developers could get their scores back after a project is not awarded. What prevents NGrid from giving developers feedback after spending all that time & money on their applications. Chris K. said he would discuss it with NGrid and back to the group.

Julian D. asked where the oversubscribed is with each category.

Sidney Davidson asked where he could get a list of the contracts that have been awarded. Chris K. said that they are on the PUC website under Docket 4277 & 4288. Seth H. said it was his understanding that the wind application in the last enrollment has not been addressed. Chris K. said that was true and they were getting ready to go through the PUC process on that application. He then said that the power point will be on the OER website shortly.

The meeting was adjourned at 11:40 PM